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BEFORE THE UNITED STATES PATENT AND TRADEMARK OFFICE
BOARD OF APPEALS AND INTERFERENCES

In re Application of	:	Raymond S. Bamford et al.
Serial No.	:	09/843,550
Filed	:	4/26/2001
Art Unit	:	3639
Examiner	:	Akiba K. Robinson-Boyce
Title	:	PRICING ENGINE FOR ELECTRONIC COMMERCE
Atty. Docket No.	:	ENOS0003

Honorable Commissioner of
Patents and Trademarks
Alexandria, Virginia 22313-1450

APPEAL BRIEF - APPEAL REINSTATED

Responsive to the office action dated December 4, 2006, Applicant reinstates appeal pursuant to MPEP 1204.01. Along with this appeal brief, a new notice of appeal is enclosed. According to MPEP 1204.01, no new appeal fees are due since the notice of appeal and appeal brief are funded by the previously paid fees.

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APPENDICES

PROSECUTION HISTORY

On December 19, 2006 the Patent Office submitted its proposed five-year strategic plan.[1] Optimizing the quality and timeliness of the patent and trademark review process heads the list of goals for the plan. And under this goal, the first objective is to "provide high quality examination of patent applications."

The first manifestation of high quality examinations would be the Patent Office's issuance of carefully researched, thoroughly reasoned office actions. In the present case, the USPTO's stated goals and objectives have been thwarted. This is the third time Applicant has appealed different wandering rejections of the same exact claims. Twice, the Examiner has reopened prosecution, withdrawn all rejections, and attempted to draft an office action of more substance. Applicant has spent considerable time and money in responding to roving rejections. On the other side, regrettably, the taxpayers have expended significant money in funding a stream of tenuous rejections, quickly withdrawn when reconsideration was forced by the appeals process.

Once again, Applicant seeks third party review in order to obtain deserved allowance of this application without further unnecessary expense and delay.

REAL PARTY IN INTEREST

Initially, the subject application was assigned by the inventors to Enosys Markets, Inc. by an assignment recorded in the U.S. Patent & Trademark Office on April 26, 2001 at real/frame 011791/0760. Subsequently, due to merger of Enosys Markets, Inc. with a wholly owned subsidiary of BEA Systems, Inc., the application became

1 Strategic Plan 2007-2012 (19 December 2006 DRAFT).

owned by BEA Systems, Inc. Documentation of the merger was recorded on February 22, 2006 at Reel/Frame 017201/0713.

RELATED APPEALS AND INTERFERENCES

No other appeals or interferences are known to be related to the subject patent application.

STATUS OF CLAIMS

Claims 1-25 stand rejected.

STATUS OF AMENDMENTS

There are no un-entered amendments.

SUMMARY OF CLAIMED SUBJECT MATTER

Concise Explanation of Subject Matter

As recommended by MPEP 1206, the following summary of the invention comprises reading of each appealed independent claim on the drawings and specification, to enable the Board to more determine where the claimed subject matter appears in the application. This particular reading is not intended to limit the claims in any way.

For ease of reference, all Figures of Applicants' drawings are shown in the attached Appendix.

Claim 1

A computer-implemented method (Fig. 2; Abstract) for determining a price of goods made by a manufacturer in response to at least one electronic price request from a buyer for the goods, comprising the acts of:

receiving the electronic price request from the buyer; (Fig. 2, ref. 42; Page 1, last para. – Page 2, first para.; Page 2, second para.; Page 6, second para.; Page 7, second para.)

in response to the electronic price request, performing a computer-executed act of determining whether title to the goods passes directly from the manufacturer to the buyer or through an intermediate e-market place; (Fig. 2, ref. 46; Fig. 3; Page 2, second para.; Page 7, second para.)

computing a price of the goods to the buyer based at least partially on the determining act; (Fig. 3-6; Page 2, second para. – Page 3, second para.; Page 7, last para. – Page 13, last para.)

providing the buyer with a machine-readable signal for displaying the computed price. (Fig. 48, ref. 48; Fig. 3, ref. 70; Page 2, second para. – Page 3, fourth para.)

Claim 9

A computer (Fig. 1; Page 3, third para.; Page 4, second section - Page 6, fourth para.) having logic executable by the computer to perform method acts for determining a price of goods made by a manufacturer in response to at least one electronic price request from a buyer for the goods, said method acts comprising:

receiving the electronic request from the buyer; (Fig. 2, ref. 42; Page 1, last para. – Page 2, first para.; Page 2, second para.; Page 6, second para.; Page 7, second para.)

in response to the electronic request, determining whether title to the goods passes directly from a manufacturer to a buyer or through an intermediate e-market place; (Fig. 2, ref. 46; Fig. 3; Page 2, second para.; Page 7, second para.)

computing a price of the goods to the buyer based at least partially on the determining act; (Fig. 3-6; Page 2, second para. – Page 3, second para.; Page 7, last para. – Page 13, last para.)

providing the buyer with a machine-readable signal for displaying the computed price. (Fig. 48, ref. 48; Fig. 3, ref. 70; Page 2, second para. – Page 3, fourth para.)

Claim 17

A computer program product (Page 3, fourth para.; Page 6, last para. – Page 7, first para.) having logic means executable by a computer to determine a price of goods made by a manufacturer in response to at least one electronic price request from a buyer for the goods, comprising: computer readable code means for receiving the electronic price request from the buyer;

computer readable code means responsive to receiving the electronic price request for determining whether title to the goods passes directly from the manufacturer to the buyer or through an intermediate e-market place; (Fig. 2, ref. 42, 46; Fig. 3; Page 1, last para. – Page 2, second para.; Page 2, second para.; Page 6, second para.; Page 7, second para.)

computer readable code means for computing a price of the goods to the buyer based at least partially on the determining; (Fig. 3-6; Page 2, second para. – Page 3, second para.; Page 7, last para. – Page 13, last para.)

computer readable code means for providing the buyer with a machine-readable

signal for displaying the computed price. (Fig. 48, ref. 48; Fig. 3, ref. 70; Page 2, second para. – Page 3, fourth para.)

Claim 25

At least one digital data processing machine programmed to cooperatively perform operations for determining a price of goods made by a manufacturer in response to at least one electronic request for quote (RFQ) from a prospective buyer of the goods, the operations comprising:

receiving from the buyer an electronic message comprising an RFQ; (Fig. 2, ref. 42; Page 1, last para. – Page 2, first para.; Page 2, second para.; Page 6, second para.)

responsive to receiving the RFQ, determining a price of the goods based at least partially upon a manufacturer's specification as to whether title to the goods will pass directly from the manufacturer to the buyer or through an intermediate; (Fig. 2, ref. 46; Figs. 3-6; Page 2, second para. – Page 3, second para.; Page 7, second para. & last para. – Page 13, last para.)

transmitting an electronic message representing the determined price to the buyer. (Fig. 48, ref. 48; Fig. 3, ref. 70; Page 2, second para. – Page 3, fourth para.)

Identification of Means Plus Function & Step Plus Function Claims

In accordance with 37 CFR 47.37(c)(1)(v), the following is an identification of all independent and separately argued dependent claims in means (or step) plus function as permitted by 35 USC 112 para. 6: Claims 17, 22.

Corresponding structure, material, or acts is found in and at least the following

locations: Fig. 2, ref. 42, 46; Figs. 3-6; Page 1, last para. – Page 3, fourth para.; Page 6, second para. & last para. – Page 7, second para.; Page 7, last para. – Page 13, last para.

GROUNDS OF REJECTION TO BE REVIEWED ON APPEAL

The following rejection(s) were made in the non-final office action ("Office Action") dated December 4, 2006.

Claims 1-25 stand rejected under 35 USC 103 as being unpatentable over the combination of U.S. Publication No. US 2004/0138966 A1 to Kopelman et al. ("Kopelman").

ARGUMENTS

Introduction

Claims 1-25 were rejected under 35 USC 103 as being unpatentable over Kopelman. Nevertheless, the office action failed to establish a *prima facie* case of obviousness, and all claims are therefore patentable.[2] In the following discussion, this is explained in greater detail.

Teaching/Suggestion of Claim Limitations

First, the *prima facie* obviousness case is incomplete because, even if the cited reference were to be modified as suggested (albeit improperly, as discussed below),

2 MPEP 2142.

the resulting teaching still does not teach or suggest all the claim limitations.[3] To support the conclusion that the claimed invention is directed to obvious subject matter, either the references must expressly or impliedly suggest the claimed invention or the Examiner must present a convincing line of reasoning as to why the artisan would have found the claimed invention to have been obvious in light of the teachings of the references.[4]

All words in a claim must be considered in judging the patentability of that claim against the prior art.[5] Taking claim 1 as an example, Kopelman fails to teach the following combination:

> "A computer-implemented method for determining a price of goods made by a manufacturer in response to at least one electronic price request from a buyer for the goods, comprising the acts of:
>
> receiving the electronic price request from the buyer;
>
> in response to the electronic price request, performing a computer-executed act of determining whether title to the goods passes directly from the manufacturer to the buyer or through an intermediate e-market place;
>
> computing a price of the goods to the buyer based at least partially on the determining act;
>
> providing the buyer with a machine-readable signal for displaying the computed price."

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3 MPEP 2142, 2143.03.

4 Ex Parte Clapp, 227 USPQ 972, 973 (Bd. Pat. App. & Inter. 1985). MPEP 706.02(j).

5 In re Wilson, 424 F.2d 1382, 165 USPQ 494, 496 (CCPA 1970). MPEP 2143.03.

The Kopelman application is assigned to eBay, Inc. As one would expect, the disclosure concerns a method for an intermediary (e.g., eBay) to facilitate sales of goods between independent parties. [Kopelman: para. 0020] Specifically, eBay presents the seller with various options for deriving a sale price for the seller's goods. [Kopelman: para. 0021] The sales price is derived using an index price as a reference. [Kopelman: para. 0025] Kopelman's only example of deriving the sales price from the index price applies a fixed percentage (such as to 50% or 70%) from the index price. [Kopelman: paras. 0028, 0034, 0036] The index price is taken from (1) an independent third party's price for a comparable item of goods, or (2) the lowest price of a group of third party vendors for a similar item of goods. [Kopelman: para. 0027, 0035] Instead of deriving sales price from index price, other options are given, such as using a fixed price, or using a specified "list" or "cover" price or other such discount from a suggested retail price. [Kopelman: para. 0025]

Kopelman's approach diverges from claim 1 in a number of important respects, as explained below.

For example, Kopelman does not disclose the claimed combination including acts "**in response to the electronic price request, performing a computer-executed act of determining whether title to the goods passes directly from the manufacturer to the buyer or through an intermediate e-market place**." According to Kopelman, eBay facilitates the sale between buyer/seller at steps 30 and 32. [Kopelman: para. 0028; FIG. 1] In one embodiment, eBay identifies the buyer to the seller (and vice versa), permitting them to complete the transaction. [Kopelman: para. 0028] In another embodiment, eBay refers the parties to a third party intermediary

acting as a clearinghouse or escrow agent, or eBay acts as the clearinghouse itself. [Kopelman: paras. 0028, 0040]

Nothing in these passages or any other teaching in Kopelman suggests any variation from title passing directly from seller to buyer. Nor is there any teaching of a computer-implemented act of determining how title passes. Of course, there is no need to determine how title passes, since title passes directly from seller to buyer.

Kopelman's disclosure fails to mention "title" even once. Further, Kopelman mentions "clearinghouse" four times, and "escrow agent" once, in none of these cases explaining the meaning of these terms. [Kopelman: *Id.*] According to the American Heritage Dictionary Of The English Language, Fourth Edition, a "clearinghouse" is an office where banks exchange checks and drafts and settle accounts. According to the same source, "escrow" is defined as money, property, a deed, or a bond put into the custody of a third party for delivery to a grantee only after the fulfillment of the conditions specified. These definitions fail to suggest anything other than direct passage of title from seller to buyer. Putting something into another's "custody" is not tantamount to transferring title.

Quite clearly, Kopelman fails to address or even contemplate how title passes in goods sold. One could assume that title simply passes from buyer to seller. Still, Kopelman simply fails to provide any enabling disclosure as to title passage, and further, as to a computer implemented act of determining how title passes.

If Kopelman did contemplate different mechanisms for title to pass, Kopelman would address different mechanisms for assessing their cost. However, Kopelman is silent as to any scheme or mechanism for determining the costs charged by eBay, or the clearinghouse, or the escrow agent, or the other intermediary for services rendered.

Kopelman suggests that eBay is compensated for facilitating the transaction, but how is this computed? [Kopelman: para. 0028] In contrast, Kopelman ignores the issue of title passage, and instead focuses on the details of calculating the buyer's ultimate purchase price. [Kopelman: refs. 130, 140, 150, 160, FIG. 3]

The office action proposed that the claimed feature is found in Kopelman's paragraphs 0040 and 0043. [Office Action: page 3] A careful reading of these passages, however, fails to reveal such a teaching. As to para. 0040, this passage merely emphasizes the use of a clearinghouse or escrow agent, which actually teaches away from the changing title as discussed above.

As to para. 0043, this passage suggests that the eBay website may list other goods, beyond those that eBay is listing for auction sellers. [Kopelman: para. 0043] If a buyer wants to purchase such items, then eBay simply refers the buyer to a third party vendor via link to the vendor's website. [Kopelman: para. 0043] Kopelman does not disclose any remuneration for such services. As with previous embodiments discussed above, eBay does not care about title passage in this embodiment; even more so, since in this embodiment eBay is merely handing potential buyers off to the respective seller's websites. Kopelman fails to disclose any further involvement of eBay in such transactions whatsoever.

As to the claimed feature, then, Kopelman is impotent as an enabling 102(b) or 103 reference as to the claimed feature. A reference itself must sufficiently describe the claimed invention to have placed the public in possession of it.[6] Even if a claimed

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6 Paperless Accounting, Inc. v. Bay Area Rapid Transit System, 231 USPQ 649, 653 (Fed. Cir. 1986). Ex parte Gould, 231 USPQ 421 (CCPA 1973).

invention is disclosed in a printed publication, that disclosure will not suffice as prior art if it was not enabling.[7] In order to anticipate, a prior art reference must be enabling, thus placing the allegedly disclosed subject matter in the possession of the public.[8] The reference must describe the applicant's claimed invention sufficiently to have placed a person of ordinary skill in the field of invention in possession of it.[9]

In any case, Kopelman clearly does not care about how title passes, since title in all cases passes from the seller to the buyer. Moreover, Kopelman teaches away from eBay assuming title because Kopelman expresses desire to avoid maintaining an inventory of goods. [Kopelman: para. 0013]

Kopelman further lacks the claimed operation of "**computing a price of the goods to the buyer based at least partially on the determining act" (i.e., the act of determining how title to goods passes).** The office action admitted that this feature is missing from Kopelman, but suggested that it would be obvious in view of Kopelman. [Office Action: page 4] This argument is not persuasive, for a number of reasons.

First, as discussed above, Kopelman fails to contemplate the passage of title or any effect of this on the price of goods to a buyer. There is no logical reason for Kopelman to consider title passage as a factor in pricing goods.

Second, even if Kopelman would somehow take into account the passage of title (for the sake of argument only) in setting the buyer's price, Kopelman says nothing

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7 *Id.*

8 Akzo N.V. v. United States ITC, 808 F.2d 1471, 1 USPQ2d 1241 (Fed. Cir. 1986); Ashland Oil, Inc. v. Delta Resins & Refracs., Inc., 776 F.2d 281, 227 USPQ 657 (Fed. Cir. 1985); Reading & Bates Constr. Co. v. Baker Energy Res. Corp., 748 F.2d 645, 223 USPQ 1168 (Fed. Cir. 1984)

9 In re Spada, 911 F.2d 705, 15 USPQ2d 1655 (Fed. Cir. 1990).

about how (or if) the buyer's price should vary according to how title to the goods passes. Rather, Kopelman's disclosure is limited to the seller specifying a percentage of an index price to use as the sales price. Even if Kopelman were to contemplate different means of title passage (for the sake of argument), there is nothing to suggest that these would have any effect on the buyer's price. Perhaps the seller would just specify a higher percentage in cases where title passes through an intermediary. In this case, there would be no need to perform a computer-implemented act of computing a price of goods based on the determination of how title passes because the seller would have already built this into his percentage.

Third, Kopelman explicitly teaches away from the approach of considering title in setting the buyer's price. Kopelman goes into considerable detail to explain a methodology by which the seller sets a price for the buyer. [Kopelman: FIG. 3] Indeed, this is a primary focus on Kopelman's disclosure. [Kopelman: Abstract; para. 0014] Specifically, Kopelman requires the seller to specify a formula for determining a sales price based on an index price. [Kopelman: para. 0034; ref. 130, FIG. 3] Kopelman's only example of this computing a sales including a fixed percentage (such as to 50% or 70%) from the index price. [Kopelman: paras. 0028, 0034, 0036] Kopelman's index price is taken from (1) an independent third party's price for a comparable item of goods, or (2) the lowest price of a group of third party vendors for a similar item of goods. [Kopelman: para. 0027, 0035] Or, instead of deriving sales price from index price, other options are given, such as using a fixed price, or using a specified discount from a suggested retail price. [Kopelman: para. 0025] By omitting any discussion of title in its detailed explanation of pricing goods, Kopelman distinctly goes in a different direction, and by doing so, underscores the lack of any association between the buyer's

price and the act of determining how title to goods passes.

Hence, Kopelman's disclosure is limited to deriving a sales price from the index price using the sellers specified method. [Kopelman: para. 0036, ref. 160 of FIG 3] Kopelman fails to teach or suggest a computer-implemented act of "computing a price of the goods to the buyer based at least partially on the determining act" (i.e., the act of determining how title to goods passes).

Kopelman further differs from the claimed limitation ("computing a price...") in another important respect. Claim 1 requires an act of "determining whether title to the goods passes..." in response to an electronic price request from a buyer. Claim 1 further requires computing a price of goods based on the determination as to title. Hence, claim 1 requires computing a price of goods in response to an electronic price request from the buyer.

In contrast, Kopelman clearly computes a price of goods before any price request from the buyer. Namely, Kopelman's seller first specifies the method for determining sales price in step 130, and eBay determines an index price for the goods in step 150. [Kopelman: paras. 0034-0035; FIG. 3] Then eBay derives a sales price by applying the seller's formula to the index price, and stores the final sales price in memory. [Kopelman: para. 0036] Later, after the sales price has already been established, the buyer expresses an interest in buying the item of goods; at this point, eBay simply presents the pre-stored sales price. [Kopelman: para. 0039; ref. 190 of FIG. 3] Thus, Kopelman clearly fails to teach computing a price of goods in response to an electronic price request from the buyer. With Kopelman, the price of goods is predetermined.

Accordingly, for the foregoing reasons, claim 1 is patentably distinguished from

the applied art.

Independent Claims 9, 17

For similar reasons, independent claims 9 and 17 are also patentably distinguished from Kopelman.

Independent Claim 25

Claim 25 is patentable for similar reasons as expressed above, and for additional reasons as well.

Claim 25 recites a machine programmed to perform operations of "**determining a price of goods... in response to at least one request for quote (RFQ) from a prospective buyer...**" The office action did not address this feature of the claim.

Kopelman, however, explicitly teaches computing the price of goods before a buyer has even been identified. In particular, Kopelman's seller first specifies the method for determining sales price in step 130, and eBay determines an index price for the goods in step 150. [Kopelman: paras. 0034-0035; FIG. 3] Then eBay derives a sales price by applying the seller's formula to the index price, and stores the final sales price in memory. [Kopelman: para. 0036] Later, when the buyer expresses an interest in buying the item of goods, eBay simply presents the sales price pre-stored in memory. [Kopelman: para. 0039; ref. 190 of FIG. 3] Thus, Kopelman clearly fails to teach computing a price of goods in response to an RFQ from a prospective buyer.

In addition, Kopelman does not disclose" **responsive to receiving the RFQ, determining a price of the goods based at least partially upon a manufacturer's**

specification as to whether title to the goods will pass directly from the manufacturer to the buyer or through an intermediate." First, Kopelman fails to contemplate a "manufacturer's specification as to whether title to the goods will pass directly from the manufacturer to the buyer or through an intermediate." Kopelman is completely silent as to the manufacturer's specification as to title passage. Moreover, since title in all cases passes from the seller to the buyer as discussed in detail above, Kopelman clearly does not care whether title passes directly from manufacturer to buyer or through an intermediate. Second, lacking any concern with how title passes, Kopelman clearly does not determine a price o goods based upon such a consideration.

Kopelman further lacks an operation of "**transmitting an electronic message representing the determined price to the buyer**." Since Kopelman does not teach the determined price, as claimed, Kopelman clearly cannot teach transmitting an electronic message representing this price.

Accordingly, claim 25 is patentable *a fortiori* relative to the reasons given above for patentability of independent claims 1, 9, and 17.

Dependent Claims

Even without considering any individual merits of dependent claims 2-8, 10-16, and 18-24, these claims are distinguished because they depend from independent claims 1, 9, or 17, which are distinguished as discussed above.[10] Nonetheless, the

10 Cf. If an independent claim is nonobvious under 35 USC 103, then any claim depending therefrom is nonobvious. In re Fine, 837 F.2d 1071, 5 USPQ2d 1596 (Fed. Cir. 1988). MPEP 2143.03.

following discussion is illustrates some examples where features of these dependent claims are even further distinguished over the applied art.

Dependent Claims 3, 11, 19

As to these claims, the applied art fails to teach the operations "**when it is determined that title passes through an intermediate e-market place, the method further includes determining whether to implement the first pricing regime or a second pricing different than the first pricing regime.**" As mentioned above, Kopelman does not consider whether title passes through an intermediate e-marketplace in deciding how to price goods to the buyer.

The office action proposed that this feature is found in Kopelman's paragraphs 0042 and 0043. [Office Action: page 5] However, paragraph 0042 merely discusses how price is set as a function of an independent, third party vendor's price. Paragraph 0043 is completely inapposite, since in this embodiment eBay simply refers the buyer to a third party vendor via link to the vendor's website. When the buyer reaches the third party's website, the third party's pricing scheme would be unknown.

The office action further proposed that the claimed feature is inherent to Kopelman's pricing scheme because the transaction could go through an escrow agent, the e-market, or the manufacturer/marketer himself. [Office Action: page 5] Yet, Kopelman only teaches a single pricing scheme. [Kopelman: FIG. 3]

Indeed, the claimed feature is not inherent to Kopelman. Rather, Kopelman proposes a specific method for computing a selling price and presenting it to the buyer. [Kopelman: ref. 190, FIG. 3] This method uses an explicit methodology and formula for computing price to the buyer. To vary between different pricing schemes is

completely outside the boundaries of Kopelman, and would completely change its principle of operation. In addition, an explicit goal of Kopelman is to minimize pricing burdens on the buyer and the seller. [Kopelman: para. 0011] In this respect, Kopelman teaches away from the unnecessary complexity suggested by the office action.

A different approach would be for the seller would compensate for the added expense of a clearinghouse by simply specifying that the sales price should be a greater percentage of the index price. [Kopelman: para. 0034; ref. 130, FIG. 3]. In computing the buyer's purchase price, there would be no need to determine how title passes. Thus, the mere fact that Kopelman contemplates an escrow agent, clearinghouse, or intermediary does not suggest that Kopelman necessarily employ different pricing schemes.

To establish inherency, the extrinsic evidence "must make clear that the missing descriptive matter is necessarily present in the thing described in the reference, and that it would be so recognized by persons of ordinary skill."[11] "Inherency, however, may not be established by probabilities or possibilities. The mere fact that a certain thing may result from a given set of circumstances is not sufficient."[12] The office action failed to establish that the suggested teaching is indeed inherent to Kopelman.

In view of the foregoing, claims 3, 11, and 19 are patentably distinguished from Kopelman.

Dependent Claims 5, 13, 21

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11 Continental Can Co. v. Monsanto Co., 948 F.2d 1264, 1268, 20 U.S.P.Q.2d 1746, 1749 (Fed. Cir. 1991).

12 *Id.* at 1269, 20 U.S.P.Q.2d at 1749 (quoting In re Oelrich, 666 F.2d 578, 581, 212 U.S.P.Q. 323,

As to these claims, the applied art fails to teach the operations "**wherein a discount is determined based on at least one of: volume of a current order, volume of annual orders, and projected volume of orders**." The office action proposed that this feature is met by Kopelman's paragraph 0028. However, a careful reading of this passage fails to reveal a discount based on order volume, annual order volume, etc.

The office action suggested that a discount is determined based on whether a book is used or paperback. [Office Action: page 5] First, this improperly reads unsupported matter into Kopelman. The determination of a discount based on whether a book is used or paperback is not anywhere in Kopelman. Kopelman's example actually discusses the sale of a book that is paperback and used. [Kopelman: para. 0026] Second, the used versus paperback consideration still does not relate in any way to determining a discount based on the claimed, and completely unrelated, considerations of volume of a current order, volume of annual orders, or projected volume of orders.

Accordingly, claims 5, 13, 21 are patentable *a fortiori* relative to the reasons given above for patentability of independent claims 1, 9, and 17.

Dependent Claims 6, 14, 22

As to these claims, the applied art fails to teach the method of determining the price of goods from claim 1 "**wherein a discount is determined based on at least one of: an advance scheduling of an order, an industry segment of the buyer, a**

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326 (C.C.P.A. 1981).

credit rating of the buyer, and a stocking/handling charge." The office action proposed that Kopelman includes a stocking/handling charge in the inventory art. [Office Action: page 5]

However, the office action did not supply any citation from Kopelman as to this feature. Moreover, Kopelman fails to mention "stock" or "handling" or "charge" anywhere. It is important for an examiner to properly communicate the basis for a rejection so that the issues can be identified early and the applicant can be given fair opportunity to reply.[13] After indicating that the rejection is under 35 USC 103, the examiner should set forth in the office action: (A) the relevant teachings of the prior art relied upon, preferably with reference to the relevant column or page number(s) and line number(s) where appropriate, (B) the difference or differences in the claim over the applied reference(s), (C) the proposed modification of the applied reference(s) necessary to arrive at the claimed subject matter, and (D) an explanation of why one of ordinary skill in the art at the time the invention was made would have been motivated to make the proposed modification.[14]

Even assuming (for the sake of argument) that Kopelman does contemplate a stocking/handling charge, there is nothing in Kopelman to suggest determining a discount based on a stock/handling charge.

Accordingly, claims 6, 14, 22 are patentable *a fortiori* relative to the reasons given above for patentability of independent claims 1, 9, and 17.

Dependent Claims 8, 16, 24

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13 MPEP 706.02(j).

As to these claims, the applied art fails to teach the operations "**wherein the price is customized based on at least one of: geographic region, customer information, product line information, manufacturer information.**" The office action proposed that such features are found in Kopelman's paragraph 0040. However, this passage merely suggests that eBay may refer the parties to a clearinghouse or escrow agent, or eBay may act as an intermediary. Nothing is said about price, and nothing about customizing price. There is nothing in Kopelman to suggest that the use of a clearinghouse or escrow agent is related to price in any way. There is no teaching of customizing price based on geographic region, customer information, product line information, manufacturer information, etc. And, for the reasons discussed above, there is absolutely no reason for Kopelman to diverge from its explicit disclosure by varying buying price according to such factors.

Accordingly, claims 8, 16, 24 are patentable *a fortiori* relative to the reasons given above for patentability of independent claims 1, 9, and 17.

Conclusion - Teaching/Suggestion of Claim Limitations

In view of the foregoing, all pending claims in the application are patentably distinguished over the applied art.

Suggestion or Motivation

In addition to the reasons given above, the *prima facie* obviousness case is also defective because there has been no suggestion or motivation, either in the reference

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14 *Id.*

itself, or in the knowledge generally available to one of ordinary skill in the art, to modify the reference or to combine reference teachings.[15]

Proposed Modification of Kopelman Does Not Make Sense

The office action suggested that "computing a price of the goods to the buyer based at least partially on the determining act" would be obvious since settlements occur at a clearinghouse, and prices need to be computed/determined in order to settle. "Also, since the title for goods do not need to pass through the e-market when a buyer directly goes through the manufacturer, the computed price would differ." [Office Action: page 4]

The office action stated that it "would have been obvious to one of ordinarily skill in the art... to compute a price of the goods to the buyer based at least partially on the determining act" with the following motivation: "**determining price according to the method in which goods are accessed**." [Office Action: page 4]

The Examiner's proposal is insufficient to provide the teaching or suggestion needed to constitute a *prima facie* obviousness. Among other reasons, this reasoning does not make sense. The proposed motivation of "determining the price according to the method in which goods are accessed" is simply a restatement of what the Examiner suggests is obvious. This is a circular argument, which still fails to indicate the legally required suggestion or motivation to modify the reference.

It is important for an examiner to properly communicate the basis for a rejection so that the issues can be identified early and the applicant can be given fair opportunity

15 MPEP 2142.

to reply.[16] After indicating that the rejection is under 35 USC 103, the examiner should set forth in the office action: (A) the relevant teachings of the prior art relied upon, preferably with reference to the relevant column or page number(s) and line number(s) where appropriate, (B) the difference or differences in the claim over the applied reference(s), (C) the proposed modification of the applied reference(s) necessary to arrive at the claimed subject matter, and (D) an explanation of why one of ordinary skill in the art at the time the invention was made would have been motivated to make the proposed modification.[17]

Proposed Motivation Could Lead to Various Alternatives

Although it is not entirely clear from the language of the office action itself, one argument appears to be the following: the buyer's price would necessarily vary in order to account the different in situations where (1) goods pass through an e-market, versus where (2) the buyer directly goes directly to the manufacturer.

This argument is not persuasive. Just because there are variations in the distribution channel does not mean that the selling price must change. Rather than changing the price, the seller/manufacturer might choose to enjoy a greater profit when the buyer goes directly to the manufacturer. When a third party intermediary is involved, the seller might internalize the added cost rather than changing the sales price, in order to remain competitive. Otherwise, by pricing goods differently for different distribution channels, sellers might tend to price their intermediaries out of business or compete with themselves.

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16 MPEP 706.02(j).

It is not necessary that the buyer's price vary according to title passage. In fact, certain reasons warrant against it. The office action's stated rationale for modifying Kopelman is untenable.

Proposed Modification Would Change Kopelman's Principle of Operation

Moreover, the proposed modification is insufficient to constitute a *prima facie* case of obviousness because the proposed modification would necessarily change Kopelman's principle of operation.[18] Modifying Kopelman in order to show that the price will vary according to whether or not the buyer purchased goods directly from the manufacturer, or through an intermediate e-market place, would completely change Kopelman's principle of operation, requiring a substantial redesign and reconstruction of Kopelman's elements.[19] As mentioned above, Kopelman's price is (by design) set by the seller using a designated percentage, and remains insensitive to hidden relationship among the seller, clearinghouse, escrow agent, intermediary, etc.

Proposed Modification Actually Results from Hindsight Reconstruction

Rather than a legally sufficient reason, the Examiner's proposed suggestion or motivation to modify Kopelman to provide the features of the present invention is a simple result of hindsight reconstruction.

However, it is improper to attempt to establish obviousness by using the applicant's specification as a guide to combining different prior art references to achieve

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17 *Id.*
18 In re Ratti, 270 F.2d 810, 123 USPQ 349 (CCPA 1959). MPEP 2143.01.

the results of the claimed invention.[20] The teaching or suggestion to make the claimed combination must be found in the prior art, and not based on applicant's disclosure.[21] The critical inquiry is whether there is something in the prior art as a whole to suggest the desirability, and thus the obviousness, of making the combination.[22] Obviousness is tested by "what the combined teachings of the references would have suggested to those of ordinary skill in the art."[23] But it "cannot be established by combining the teachings of the prior art to produce the claimed invention, absent some teaching or suggestion supporting the combination."[24] And "teachings of references can be combined only if there is some suggestion of incentive to do so."[25]

"To imbue one of ordinary skill in the art with knowledge of the invention in suit, when no prior art reference or references of record convey or suggest that knowledge, is to fall victim to the insidious effect of a hindsight syndrome wherein that which only

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19 MPEP 2143.01.

20 Orthopedic Equipment Co., Inc. v. United States, 702 F.2d 1005, 1012, 217 USPQ 193, 199 (Fed. Cir. 1983).

21 In re Vaeck, 947 F.2d 488, 20 USPQ2d 1438 (Fed. Cir. 1991).

22 In re Fritch, 23 USPQ 2d 1780, 1784 (Fed. Cir. 1992) ("It is impermissible to use the claimed invention as an instruction manual or 'template' to piece together the teachings of the prior art so that the claimed invention is rendered obvious."); Fromson v. Advance Offset Plate, Inc., 755 F.2d 1549, 1556, 225 USPQ 26, 31 (Fed. Cir. 1985) (nothing of record plainly indicated that it would have been obvious to combine previously separate lithography steps into one process). See e.g., In re Gordon et al., 733 F.2d 900, 902, 221 USPQ 1125, 1127 (Fed. Cir. 1984) (mere fact that prior art could be modified by turning apparatus upside down does not make modification obvious unless prior art suggests desirability of modification); Ex Parte Kaiser, 194 USPQ 47, 48 (Pat. Bd. of App. 1975) (Examiner's failure to indicate anywhere in the record his reason for finding alteration of reference to be obvious militates against rejection).

23 In re Keller, 642 F.2d 413, 425, 208 USPQ 871, 881 (CCPA 1981).

24 ACS Hosp. Sys. Inc. v. Montefiore Hosp., 32 F.2d 1572, 1577, 221 USPQ 929, 933 (Fed. Cir. 1984).

25 *Id.*

the inventor taught is used against its teacher."[26] It is essential that "the decisionmaker forget what he or she has been taught at trial about the claimed invention and cast the mind back to the time the invention was made. . . to occupy the mind of one skilled in the art who is presented only with the references, and who is normally guided by the then-accepted wisdom in the art."[27]

The policy of the Patent and Trademark Office[28] is to follow in each and every case the standard of patentability enunciated by the Supreme Court in *Graham v. John Deere Co.*[29] As stated by the Supreme Court:

> Under §103, the scope and content of the prior art are to be determined; differences between the prior art and the claims at issue are to be ascertained; and the level of ordinary skill in the pertinent art resolved. Against this background, the obviousness or non-obviousness of the subject matter is determined. Such secondary considerations as commercial success, long felt but unsolved needs, failure of others, etc., might be utilized to give light to the circumstances surrounding the origin of the subject matter sought to be patented. As indicia of obviousness or nonobviousness, these inquiries may have relevancy.[30]

Thus, hindsight reconstruction, using the applicant's specification itself as a guide, is improper because it fails to consider the subject matter of the invention "as a whole" and fails to consider the invention as of the date at which the invention was made.

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26 W. L. Gore & Assoc. v. Garlock, Inc., 721 F.2d 1540, 1553, 220 USPQ 303, 312-313 (Fed. Cir. 1983), cert. denied, 469 U.S. 851 (1984).

27 *Id.*

28 MPEP 2141.

29 148 USPQ 459 (1966).

30 148 USPQ at 467.

Conclusion - Suggestion or Motivation

In view of the foregoing, the *prima facie* obviousness case is lacking because there has not been a legally sufficient showing of a suggestion or motivation to modify reference teachings.

Reasonable Expectation of Success

In addition to the reasons stated above, the *prima facie* obviousness case is further defective because the office action failed to show that there would be a reasonable expectation of success in modifying/combining references.[31] Critically, to establish a prima facie case of obviousness, there must be a reasonable expectation of success.[32] This reasonable expectation of success must be found in the prior art, not in Applicant's disclosure.[33]

The Examiner bears the initial burden of factually supporting any *prima facie* conclusion of obviousness.[34] If the Examiner does not produce a prima facie case, the applicant is under *no* obligation to submit evidence of nonobviousness.[35]

Nowhere in the office action is there any mention of the legally required "reasonable expectation of success." Since this mandatory topic is unaddressed by the

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31 MPEP 2142, 2143.02.

32 MPEP 2143.

33 In re Vaeck, 947 F.2d 488, 20 USPQ.2d 1438 (Fed. Cir. 1991). MPEP 2143.

34 MPEP 2142.

35 *Id.*

office action, no *prima facie* case of obviousness has been properly established.

Conclusion

As shown above, then, these claims are patentable since a *prima facie* case of obviousness does not exist. Namely, (1) the applied art fails to teach the features of the claims, (2) there is insufficient motivation to combine/modify references as proposed by the office action, and (3) there is no showing that an ordinarily skilled artisan would have a reasonable expectation of success in making the office action's proposed modification of references.

Accordingly, the Examiner should be reversed and ordered to pass the case to issue.

The Commissioner is authorized to charge any fees due to the Glenn Patent Group Deposit Account No. 07-1445, Customer No. 22862.

Respectfully submitted,

Michael Glenn
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Customer 22,862

CLAIMS APPENDIX

1. A computer-implemented method for determining a price of goods made by a manufacturer in response to at least one electronic price request from a buyer for the goods, comprising the acts of:

receiving the electronic price request from the buyer;

in response to the electronic price request, performing a computer-executed act of determining whether title to the goods passes directly from the manufacturer to the buyer or through an intermediate e-market place;

computing a price of the goods to the buyer based at least partially on the determining act;

providing the buyer with a machine-readable signal for displaying the computed price.

2. The method of Claim 1, wherein a first pricing regime is implemented when it is determined that title to the goods passes directly from the manufacturer to the buyer.

3. The method of Claim 2, wherein when it is determined that title passes through an intermediate e-market place, the method further includes determining whether to implement the first pricing regime or a second pricing different than the first pricing regime.

4. The method of Claim 3, further comprising the act of:

determining whether to discount a price.

5. The method of Claim 4, wherein a discount is determined based on at least one of: volume of a current order, volume of annual orders, and projected volume of orders.

6. The method of Claim 4, wherein a discount is determined based on at least one of: an advance scheduling of an order, an industry segment of the buyer, a credit rating of the buyer, and a stocking/handling charge.

7. The method of Claim 3, further comprising the act of:

determining whether to customize a price.

8. The method of Claim 7, wherein the price is customized based on at least one of: geographic region, customer information, product line information, manufacturer information.

9. A computer having logic executable by the computer to perform method acts for determining a price of goods made by a manufacturer in response to at least one electronic price request from a buyer for the goods, said method acts comprising:

receiving the electronic request from the buyer;

in response to the electronic request, determining whether title to the goods passes directly from a manufacturer to a buyer or through an intermediate e-market place;

computing a price of the goods to the buyer based at least partially on the

determining act;

providing the buyer with a machine-readable signal for displaying the computed price.

10. The computer of Claim 9, further including logic for executing a method act comprising:

implementing a first pricing regime when it is determined that title to the goods passes directly from the manufacturer to the buyer.

11. The computer of Claim 10, further including logic for executing a method act comprising:

when it is determined that title passes through an intermediate e-market place, determining whether to implement the first pricing regime or a second pricing regime.

12. The computer of Claim 11, further including logic for executing a method act comprising:

determining whether to discount a price.

13. The computer of Claim 12, wherein a discount is based on at least one of: volume of a current order, volume of annual orders, and projected volume of orders.

14. The computer of Claim 12, wherein a discount is based on at least one of: an advance scheduling of an order, an industry segment of the buyer, a credit rating of

the buyer, and a stocking/handling charge.

15. The computer of Claim 11, further including logic for executing a method act comprising:

determining whether to customize a price.

16. The computer of Claim 15, wherein the price is customized based on at least one of: geographic region, customer information, product line information, manufacturer information.

17. A computer program product having logic means executable by a computer to determine a price of goods made by a manufacturer in response to at least one electronic price request from a buyer for the goods, comprising:

computer readable code means for receiving the electronic price request from the buyer;

computer readable code means responsive to receiving the electronic price request for determining whether title to the goods passes directly from the manufacturer to the buyer or through an intermediate e-market place;

computer readable code means for computing a price of the goods to the buyer based at least partially on the determining;

computer readable code means for providing the buyer with a machine-readable signal for displaying the computed price.

18. The computer program product of Claim 17, further including:

computer readable code means for implementing a first pricing regime when it is determined that title to the goods passes directly from a manufacturer to a buyer.

19. The computer program product of Claim 18, further including:

computer readable code means for determining whether to implement the first pricing regime or a second pricing regime when it is determined that title passes through an intermediate e-marketplace.

20. The computer program product of Claim 19, further including:

computer readable code means for determining whether to discount a price.

21. The computer program product of Claim 20, wherein a discount is based on at least one of: volume of a current order, volume of annual orders, and projected volume of orders.

22. The computer program product of Claim 21, wherein a discount is based on at least one of: an advance scheduling of order, an industry segment of the buyer, a credit rating of the buyer, and a stocking/handling charge.

23. The computer program product of Claim 19, further including:

computer readable code means for determining whether to customize a price.

24. The computer program product of Claim 23, wherein the price is customized based on at least one of: geographic region, customer information, product line information, manufacturer information

25. At least one digital data processing machine programmed to cooperatively perform operations for determining a price of goods made by a manufacturer in response to at least one electronic request for quote (RFQ) from a prospective buyer of the goods, the operations comprising:

receiving from the buyer an electronic message comprising an RFQ;

responsive to receiving the RFQ, determining a price of the goods based at least partially upon a manufacturer's specification as to whether title to the goods will pass directly from the manufacturer to the buyer or through an intermediate;

transmitting an electronic message representing the determined price to the buyer.

EVIDENCE APPENDIX

(none)

RELATED PROCEEDINGS APPENDIX

(none)